GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:307
ANSWERED ON:25.02.2016
Profitability of Air India
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government is making efforts to improve the functioning and profitability of Air India, if so, the details thereof;

(b) the extent to which Air India has been able to get back their regular passengers who have shifted to other airlines;

(c) whether Air India has been bogged down by its agreement with Star Alliance, if so, the details thereof; and

(d) the steps taken/proposed to be taken by the Government to retain flexibility by Air India in its commercial operations?

Answer

Minister of State in the Ministry of CIVIL AVIATION
(Dr Mahesh Sharma)

(a): In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, the Cabinet Committee on Economic Affair (CCEA) in its meeting held on 12.4.2012, approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) for operational and financial
turnaround of Air India. The TAP/FRP provides equity infusion of Rs.30231 crores upto 2021 subject to achievement of certain milestones as laid down in the TAP/FRP.;

The Company has achieved the Targets set out in the TAP milestones, and has made substantial progress in both Operational as well as Financial Areas. The main areas in which the company has registered improvements in FY 2014-15 in comparison to FY 2011-12, when the TAP

was initiated are as follows:

i. The overall Network On Time Performance (OTP) of the company has improved from 68.2% in 2011-12 to 72.7 % in 2014-15.

ii. The Passenger Load Factor has improved to 73.7% in 2014-15 from the Passenger Load Factor of 67.9% in 2011-12.

iii. The Network Yield achieved is Rs 4.35/RPKM in 2014-15 as against Rs 3.74/RPKM in 2011-12.

iv. The number of Revenue Pax has increased from 13.40 Million in 2011- 12 to 16.90 Million in 2014-15.

v. The Operating Loss has consistently reduced since merger and in 2014- 15 the same stands at Rs 2171.40 crores as compared to Rs.5138.69 crores in 2011-12.

vi. The Company has turned EBIDTA positive by Rs 541.60 crores as against the negative EBIDTA of Rs.2236.95 crores in 2011-12.

vii. Total Revenue increased from Rs 14713.81 crores in 2011-12 to Rs
19718 crores in 2014-15 i.e. by Rs.4026.31 crores viz by 33.25%.

(b): The Passenger Load Factor of Air India for the period 2011-12 to the period April - December, 2015 is annexed.
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(c): No, Madam.

(d): Government has laid down Route Dispersal Guidelines (RDG) with a view to achieve better regulation of air transport services of different regions of the country. It is, however, up to the airlines, including Air India, to provide air services to specific places depending upon the traffic demand and commercial viability. As such, the scheduled airlines are free
to operate anywhere in the country subject to compliance with Route Dispersal Guidelines.